

# Daily Report

## China

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21 August 1987

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## General

**Wu Xueqian, Refugee Commissioner Meet**  
*OW191236 Beijing XINHUA in English 1211 GMT  
19 Aug 87*

[Text] Beijing, August 19 (XINHUA) — Chinese State Councillor and Foreign Minister Wu Xueqian met Arthur E. Dewey, United Nations deputy high commissioner for refugees, here this afternoon.

Wu was satisfied with good cooperation between China and the UNHCR [United Nations High Commission for Refugees], adding the key to settle the issue on refugees is to eliminate its root cause, which is closely related to the just and reasonable settlement of issues on regional hot spots and the Third World development.

Dewey appreciated China's efficient settling down the Indo-Chinese refugees.

He arrived in China on August 17 at the invitation of the Ministry of Foreign Affairs. Chinese Minister of Civil Affairs Cui Naifu and Vice-Minister of Foreign Affairs Qian Qichen met and feted Dewey on separate occasions.

Dewey will leave here for the Guangxi Zhuang Autonomous Region to visit the places where Indochinese refugees have been settled down.

## United States and Canada

### Sino-U.S. Trade Talks Viewed

**Talks Seen as 'First Step'**  
*HK200858 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1348 GMT 19 Aug 87*

[By reporter Wei Xiang (0251 5046): "Heartening and Disheartening Aspects of Sino-U.S. Trade"]

[Text] Beijing, 19 Aug (ZHONGGUO XINWEN SHE) — Held on an unprecedented scale, the Sino-U.S. Joint Session on Trade, Investment, and Economic Law closed in Beijing today. This bilateral contact of the broadest scope ever in the history of Sino-U.S. trade has played an important role in promoting the mutual understanding of both parties. However, it must also be noted that there has not been an easy path to the trade relations between the two countries.

The United States is the third largest trade partner with China. U.S. investment in China amounts to 13.5 percent of the total foreign investment in China. Trade relations between China and the United States have developed satisfactorily in recent years. Some of the American lawyers participating in the session hold that present investment in China is not at all risky.

Undoubtedly, U.S. entrepreneurs are deeply interested in the extensive market in China. Yet, what they are most deeply concerned about is whether the present is the best time for investing in China.

China obviously has noticed the Americans' concern in this area. The Chinese side in the session has proceeded from the legal viewpoint to show the Americans that the present is the best time for them to invest in China and that China is capable of protecting the interests of foreign investors in China. Extensive contacts between China and the United States are conducive to eradicating misunderstanding resulting from lack of understanding. An American lawyer who has for many years remained in contact with China holds that, precisely because of some unnecessary misunderstanding, some ambitious Americans who are eager to quickly reap big profits have lost patience in investing in China.

In fact, notwithstanding the problems in Sino-U.S. trade, most Sino-U.S. joint ventures in China have made handsome profits from their investments. According to an investigation of 70 joint manufacturing ventures conducted by the Chinese and U.S. organizations concerned, the investment profits made by 50 percent of the joint ventures were much better than expected, and 6 percent of them failed to make profits as scheduled. The investigation also indicated that one-third of the joint ventures achieved balance or had some surplus in foreign exchange.

This gratifying trend has now been fully affirmed by the Chinese and American sides. At the same time, however, both sides have shown concern about the problems regarding trade between the two countries.

The frank statements by Chinese State Councillor Zhang Jingfu and U.S. Attorney General Edwin Meese in the session show that there still are numerous differences of opinion on Sino-U.S. trade. According to a reliable source, the two countries were noticeably different in opinion when they were negotiating the signing of an agreement on the protection of investment.

What is inspiring is that these senior officials of the Chinese and U.S. Governments have expressed deep concern about the trade between the two countries. This is verified by the holding of the large-scale joint session.

The session may be regarded as a first step taken by the two countries to find a way to iron out their differences. A saying goes: "Everything is difficult at the beginning." Now, with a good start, it will not be difficult to push forward the trade relations between the two countries.

### Editorial Views Cooperation

*HK201457 Hong Kong WEN WEI PO in Chinese  
20 Aug 87 p 2*

[Editorial: "Obstacles to Sino-U.S. Economic Cooperation"]

[Text] The "Sino-U.S. Joint Session on Trade, Investment, and Economic Law," now being held in Beijing, presided over jointly by the U.S. Attorney General and Chinese Minister of Justice and attended by more than 1,000 people, is regarded as an important meeting "having a decisive influence on the future of Sino-U.S.

economic relations." At the session, the participants exchanged views on questions concerning economic laws for both sides.

The readjustment and establishment of Sino-U.S. diplomatic relations stimulated economic, scientific and technological, and cultural exchanges between China and the United States. Particularly, under the situation whereby the trade, investment, and currency wars between the United States and other Western countries are being intensified, and China's open policy is being more and more perfected, the cooperation and exchange between China and the United States has become more necessary. Since China and the United States established diplomatic relations in 1979, the total volume of Sino-U.S. trade has increased from \$2.4 billion to \$7.3 billion, an increase of 300 percent in 8 years. The United States has become China's third largest trade partner after Japan and Hong Kong. Its investment in China has reached \$2.7 billion, which is the largest of all. China has also made greater investment in the United States than in any other country. At present, considerably large achievements have already been made in economic cooperation and exchange between the two sides. However, since the United States is the most developed country and China is the largest developing country, there is certainly great potential in this field. A common demand at this Sino-U.S. session was to clear away obstacles and tap potential to promote Sino-U.S. cooperation.

1. Looking back at the progress in Sino-U.S. trade over the past few years, we can see that, except for last year, the volume of trade has increased year after year, and there was an unfavorable balance on the Chinese side each year. The volume of Sino-U.S. trade was slightly reduced last year. A reason is that China cut down its foreign exchange expenditure and reduced imports so as to reduce its foreign trade deficit. Another reason is that due to the rise of trade protectionism, the United States placed many restrictions on imports. All this shows that there are certain obstacles to Sino-U.S. trade. The reason why China should reduce imports to balance trade is that the United States has set restrictions on imports. If the United States gives the same preferential treatment to China as to other countries, China will be able to expand its exports. China's cotton output is the highest in the world and its labor is cheap. However, the export of Chinese cotton textiles and garments, which is China's main export, only constitutes 5 percent of the volume of world trade. Judging from this fact, we can see that provided competition is carried out on an equal basis, China still has great potential for exports. A key to promoting Sino-U.S. trade is that the United States should abandon trade protectionism so that China can expand exports and reduce its foreign trade deficit.

2. In its modernization drive, China urgently needs to import science and technology from abroad. Since China is independent in foreign affairs and has adopted an open economic policy, the United States has also gradually relaxed restrictions on high-tech export to China. In 1983, China was listed as one of those countries "to

which the export of sensitive technological products is restricted," and yet subjected to less strict control. Thus, U.S. exports of high-tech products were gradually expanded and reached \$3.4 billion last year, but 40 percent of export applications were still not approved. It was said that the United States was preparing to further relax controls so that its export of high tech products to China will be increased to 12 green light areas. Large-storage digital computers and long-distance communication equipment will be added to the items for export.

The United States, which is a country with advanced science and technology, is beginning to show signs of decline in the current competition. In the early 1980's there was a surplus of \$23.6 billion in U.S. exports of high tech products, but last year, there even appeared an import surplus of \$1.3 billion. If the United States does not relax control, it will only swallow its own bitter fruit.

3. Although China has promulgated new regulations to encourage foreign investment and given all kinds of preferential treatment to foreign investors, the misgivings and doubts of U.S. investors have still not yet been completely eliminated. China and the United States have held several talks over agreements on investment protection. The main differences between the two countries are: On the question of legal protection for U.S. investors, on what occasions should international law be followed and on what occasions should Chinese law be followed; on the question of treatment of U.S. investors, how will fuel, raw materials, water, and electricity be supplied, and what will the prices be; and on the question of arbitration in disputes over investment issues, should it be done by international organizations or by the host country?

China has already signed investment protection agreements with over 10 countries. We believe that on the basis of mutual understanding and mutual accommodation, China and the United States can also sign an agreement in this respect.

Looking forward to the future prospects for Sino-U.S. trade and economic cooperation, we can say that they are cautiously optimistic.

### **Soviet Union**

#### **Border Talks End, Progress Assessed**

##### **Rogachev Departs**

*OW210605 Beijing XINHUA in English 0554 GMT  
21 Aug 87*

(Text) Beijing, August 21 (XINHUA) — I.A. Rogachev, vice foreign minister of the Soviet Union and head of a Soviet Government delegation to the second round of Sino-Soviet boundary talks, left here this morning for home.

Seeing him and his party off at the airport were Chinese Vice Foreign Minister and head of the Chinese Government delegation Qian Qichen and Soviet Ambassador to China O.A. Troyanovskiy.



**News Release Issued**

OW210741 Beijing XINHUA Domestic Service in  
Chinese 0613 GMT 21 Aug 87

[Text] Beijing, 21 Aug (XINHUA) — In accordance with an agreement, the second round of the Sino-Soviet border talks was held in Beijing from 7 to 21 August. Vice Foreign Minister Qian Qichen headed the Chinese Government delegation while Deputy Foreign Minister I.A. Rogachev headed the Soviet Government delegation.

A news release issued at the end of the talks said: "During the talks the Chinese and Soviet sides discussed the eastern section of the Sino-Soviet boundary. Both sides maintained that the issue of the eastern section of the boundary should be solved reasonably on the basis of existing Sino-Soviet boundary treaties and according to the principle of fixing the boundary line of navigation rivers at the center line of the main navigation course and of non-navigation rivers at the center line of the rivers or of their main course."

"The two sides agreed that, while continuing the border talks at the delegation level, a working group of experts would be set up to specifically discuss the overall course of the eastern section of the boundary line."

"The talks were held in a calm and businesslike (ping jing he qiu shi 1627 7234 0735 3061 1395) atmosphere. Both sides regard the talks as conducive to promoting mutual understanding and facilitating the settlement of the Sino-Soviet border issue."

**Wu Evaluates Talks**

HK210151 Hong Kong TA KUNG PAO in Chinese  
21 Aug 87 p 2

["Political Talk" column by Shih Chun-yu: "Second Round of Sino-Soviet Border Talks Concludes"]

[Text] Wu Xueqian's Evaluation [subhead]

The second round of Sino-Soviet border talks, which opened in Beijing on 8 August, concluded on 19 August. Both sides kept their mouths shut tight during the talks. There is much speculation in diplomatic circles on whether any progress was made. However, the general view is that, in common with the first round of talks in Moscow in February, a certain degree of progress was made in this second round.

PRC Foreign Minister Wu Xueqian's 17 August talk with Rogachev, leader of the Soviet delegation and deputy foreign minister, provided indirect confirmation that the talks had been substantive. Wu Xueqian said: "The Chinese Government attaches importance to the Sino-Soviet border talks. A fair and reasonable solution of the border problem will be of great significance for both China and the Soviet Union."

Rogachev said on his arrival in Beijing that these 2-week talks would be substantive and would deal with the demarcation of the eastern border region, especially

along the Heilongjiang and the Ussuri Rivers. At the same time, China and the Soviet Union have agreed in principle to cooperate in developing the border rivers by building a number of hydroelectric stations there. The two sides have also agreed in principle to open an air route between the border cities of Harbin and Khabarovsk (Poli), and to organize displays of each other's goods in these two cities.

**Both Sides Benefit from Easing in Border Situation**  
[subhead]

Although the "three obstacles" still exist between China and the Soviet Union, the two countries are actively carrying out reforms and economic development based on their actual national conditions today. In the Soviet Union in particular, Gorbachev has demonstrated his determination to carry out economic reforms. Under this major precondition, it is absolutely essential that the Soviet Union should desire to coexist peacefully with China and gradually resolve substantive bilateral problems. Events of recent years have also shown that the easing in relations between China and the Soviet Union has benefited both sides, and they are expanding exchanges in economics, trade, culture, the arts, and in science and technology. Exchanges between border personnel have resumed, and border trade is continually developing. There is a tremendous difference between the border today and the daggers-drawn situation of 1969. The people of the two countries will naturally support the opening of an air route between Harbin and Poli. Hence, viewed in the light of today's trends, the easing of relations between China and the Soviet Union accords with the interests of their peoples. All the Socialist Countries are Reforming [subhead] Reforms are going ahead not just in China and the Soviet Union but in other countries as well. Premier Zhao Ziyang told visitors from Burundi in Beijing yesterday: "It seems that all the socialist countries are talking about reform now. In general, all the socialist countries attach importance to fairness, but do not pay enough attention to results."

This is an incisive summation. Socialism naturally has its superior features, but there are also inevitable weaknesses in their economic development and their growth rates are lower than those of the capitalist countries. It is therefore necessary to absorb the strong points of the capitalist countries in economic development. This is the case with China, with the Soviet Union, and also with Hungary and Poland.

**Bulgaria Announces New Reform Measures** [subhead]

Even in Bulgaria, a relatively conservative East European country, the People's Assembly announced a government reshuffle on 18 August. It has been decided that from 1 January next year, the Ministries of Finance, Commerce, and Education, and the State Planning Commission will be abolished and replaced by an economic planning ministry, a ministry of external economic relations, a ministry of agriculture and forestry, and a

ministry of science and technology. The goal of this is to reform the economic structure. Even more eye-catching, it is Bulgaria that has decided to set up a tariff-free zone specifically for investment by foreign enterprises.

Bulgaria's reforms are naturally influenced by the Soviet Union, but this proves that Zhao Ziyang was quite right — "It seems that all the socialist countries are carrying out reforms." As everyone is busy with reform and hopes for peaceful coexistence, this will benefit the world situation, including the Sino-Soviet border situation, and will promote relaxation.

### Northeast Asia

**Roundup on Kuranari South Asia Visit**  
*HK191459 Beijing RENMIN RIBAO In Chinese*  
16 Aug 87 p 6

["Roundup" By Gui Tongchang (2981 6639 2490): "Visits Aimed at Filling the 'Diplomatic Gap' — On Japanese Foreign Minister Kuranari's Visit to Three South Asian Countries"]

[Excerpts] Japanese Foreign Minister Kuranari visited India, Sri Lanka, and Bangladesh from 9 to 16 August. According to reports, Kuranari's visit to the three South Asian countries was the first visit paid by a Japanese foreign minister to the three South Asian countries in the past 10 years. Kuranari's visit to the three South Asian countries was also an important diplomatic step by Japan towards the Asian-Pacific Region following the Japanese foreign minister's visit to five island countries in the South Pacific Region in January of this year.

To strengthen bilateral relations between the South Asian countries and Japan, and to fill Japan's "diplomatic gap" in South Asia, were the main purposes behind the Japanese foreign minister's visit. Over the past few years, because the strategic position of the Asian-Pacific Region has become increasingly important, Japan has attached greater importance to its "Asia Diplomacy." Since becoming the Japanese prime minister, Nakasone Yasuhiro has been making strenuous efforts to develop and strengthen Japan's relations with the countries in the Asian-Pacific Region. For many years, Japan has maintained close political, economic, and diplomatic contacts with the countries and Regions in East Asia, Southeast Asia, and in the Middle East. In January of this year, Japanese Foreign Minister Kuranari visited five island countries in the South Pacific Region. During his visit to the region, Kuranari put forward, on behalf of the Japanese Government, five principles concerning Japan's new policies towards the Pacific Region. As a result, Japan's diplomatic influence in the Asian-Pacific Region was greatly increased. However, in comparison, Japan's relations with South Asian countries are not always so "close," but are actually rather "loose" instead. [passage omitted]

In order to change the situation whereby in the past Japan had only carried out "insufficient" political cooperation and "limited" economic cooperation with the

South Asian countries, during his visit to the three South Asian countries, Japanese Foreign Minister Kuranari relayed to the leaders of the three South Asian countries the Japanese Government's intention to practically develop Japan's relations with the South Asian countries by strengthening political dialogue, increasing personnel exchanges, and carrying out more economic cooperation such as providing loans in Japanese yen to the South Asian countries. On the eve of Japanese Foreign Minister Kuranari's visit to the three South Asian countries, Japan decided to provide a loan of 64 billion Japanese Yen to India this year. It was said that that was the biggest loan Japan had ever provided to India. Moreover, Japan also expressed its willingness to carry out free cultural cooperation with India. KYODO NEWS SERVICE believed that the Japanese Government wanted to expand Japanese-Indian relations by "resolutely carrying out economic cooperation" with India. Japan has also decided to increase its economic aid to Sri Lanka and Bangladesh. [passage omitted]

Japan hoped that Foreign Minister Kuranari's visit to the three South Asian countries would help to further increase and expand Japan's international influence. KYODO NEWS SERVICE said that as far as Japan's history and geography are concerned, Japan is an Asian country and a Pacific country as well. At the same time, "as a member of the West, Japan is duty-bound to solve international problems." Besides trying to fill Japan's "diplomatic gap" in South Asia and strengthening Japan's relations with the South Asian countries, Foreign Minister Kuranari's visit to the three South Asian countries was also aimed at enhancing Japan's image as "an international country."

**Sino-Japan Committee End Japan Tour**  
*OW191948 Beijing XINHUA in English 1517 GMT*  
19 Aug 87

[Text] Tokyo, August 19 (XINHUA) — Chinese Representatives of the China-Japan 21st Century Committee Fu Hao, Liu Deyou and Wu Yikang ended a four-day visit to Japan today.

During the trip, they held three rounds of talks with Japanese representatives headed by Yasushi Inoue. Both sides reviewed the recent works of the China-Japan 21st Century Committee, and exchanged views on the fourth meeting of the committee, scheduled to be held in Beijing this fall.

The two groups discussed, among other things, the Kokaryo dormitory case.

The five-story Kokaryo building, located in Kyoto, was bought with Chinese money after World War II and has since become China's state property for use as a dormitory for Chinese students in Japan. But an Osaka court decided that the dormitory belonged to Taiwan authorities.

Fu and his party also met Masayoshi Ito, chairman of the Policy Affairs Research Council of the Liberal Democratic Party.

The Chinese delegation will leave for home tomorrow.

**Ni Zhifu Greets, Hosts Japanese Workers**  
*OW191152 Beijing XINHUA in English 1137 GMT  
19 Aug 87*

[Text] Beijing, August 19 (XINHUA) — Ni Zhifu, president of the All-China Federation of Trade Unions, met here today a delegation of young Japanese workers from the General Council of Trade Unions of Japan, led by Yoshio Hashimura.

Ni hosted a dinner for the visitors after the meeting.

### **Southeast Asia & Pacific**

#### **Thailand's Sitthi Sawetsila Visits**

**Wu Xueqian, Sitthi Talk**  
*OW191038 Beijing XINHUA in English 1017 GMT  
19 Aug 87*

[Text] Beijing, August 19 (XINHUA) — Chinese State Councillor and Foreign Minister Wu Xueqian and visiting Thai Foreign Minister Sitthi Sawetsila spent three hours here today discussing bilateral relations, the Kampuchean question and other international issues.

A Chinese Foreign Ministry official described the talks as "extensive and deep-going."

The two ministers expressed satisfaction at the smooth development of Sino-Thai relations and encouraged businessmen of both sides to expand economic cooperation and trade.

Reviewing the latest developments in the Kampuchean situation, Minister Sitthi briefed Wu on the foreign ministers conference of the ASEAN countries held last June and the informal meeting of the ASEAN countries' foreign ministers August 16. He also explained the ASEAN countries' position on a political settlement of the Kampuchean question.

The two ministers agreed that the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea should be taken as the basis for a political settlement of the Kampuchean question.

Wu Xueqian said that China supports a political settlement of the Kampuchean question and appreciates the position adopted at the recent ASEAN foreign ministers' meeting.

"To realize a political settlement to the Kampuchean question," said Wu, "Vietnam must pull out its troops from Kampuchea and Vietnamese occupation of Kampuchea should not be accepted as a fait accompli. China supports all proposals and efforts which are useful for a fair and reasonable settlement of the Kampuchean question."

**Wu Hosts Banquet**  
*BK191449 Bangkok Domestic Service in Thai  
1300 GMT 19 Aug 87*

[Text] Chinese Foreign Minister Wu Xueqian held a banquet in honor of Thai Foreign Minister Air Chief

Marshal Sitthi Sawetsila at the Diaoyutai State Guest House in Beijing at 1930 yesterday. This morning, Foreign Minister Air Chief Marshal Sitthi Sawetsila and Chinese Foreign Minister Wu Xueqian held talks to exchange views on the regional situation and bilateral relations.

Regarding the Cambodian issue, Wu Xueqian is pleased with the ASEAN stand contained in the press release issued at ASEAN foreign ministers' informal meeting on 16 August 1987. The Chinese Government is sincere in its support for a just and reasonable political settlement to the Cambodian problem. China holds that Vietnamese troop withdrawal from Cambodia is an important key to the Cambodian problem, and that Prince Norodom Sihanouk is the suitable person to be the leader with real leadership power in Cambodia when a new government is formed after a political settlement.

The Chinese Government is willing to build a Chinese pavilion at King Rama IX park as a participation in Thailand's celebrations of his majesty the king's 60th birthday anniversary.

Concerning trade and investment relations between Thailand and China, both sides agreed to constantly support the expansion of economic and trade relations between the two countries. The Thai foreign minister will hold talks on these matters in detail with Chinese Deputy Foreign Minister Tian Jiyun on 24 August.

**Zhao Ziyang Meets Sitthi**  
*OW201242 Beijing XINHUA Domestic Service in  
Chinese 1129 GMT 20 Aug 87*

[Text] Beijing, 20 Aug (XINHUA) — At a meeting with Thai Foreign Minister Sitthi Sawetsila in Zhongnanhai this afternoon, Premier Zhao Ziyang said that the 13th CPC National Congress to be convened this fall will provide a theoretical exposition of reform.

Zhao Ziyang said: The keynote of the congress is to make further reform and open China wider to the outside world. The congress will summarize the achievements and experience in the reform and open policy over the past 8 years or so, and map out plans for future reform and opening up. He said: To continue to promote economic reform, political reform will be placed on the agenda and discussed at the 13th CPC National Congress. Political reform, which has a vital bearing on China's long-term stability, will be carried out primarily with a view to promoting democracy, improving the legal system, and institutionalizing political life in China.

Expressing his wish for greater successes in China's reform and open policy, Foreign Minister Sitthi Sawetsila said that China's successes will contribute even more to peace, security, and stability in Southeast Asia.

On bilateral relations, Zhao Ziyang praised Sino-Thai political relations as a model of rapprochement and mutual respect between two countries with different



social systems. He said that satisfactory progress has been made in implementing the trade agreement, and a good beginning achieved in technical cooperation between the two countries. He expressed the hope for further development of bilateral economic relations and for a broader range and more diverse forms of cooperation.

Sitthi Sawetsila said that Thailand and China are two sincere friends who maintain good relations in all fields. They also share identical views on the Cambodian issue.

Foreign Minister Sitthi Sawetsila and his encourage will leave Beijing for a visit to the DPRK tomorrow.

#### **BANGKOK POST Report**

BK210115 Bangkok BANGKOK POST in English  
21 Aug 87 p 1

[Text] Beijing — Thailand and China agreed yesterday on a counter-trade deal that will allow the exchange of Thai cement with Chinese coal.

The agreement was reached during a 40-minute meeting between Foreign Minister Sitthi Sawetsila and Chinese Prime Minister Zhao Ziyang to discuss improving economic, trade and tourism relations between the two countries.

The details of the counter-trade agreement will be worked out by Thai and Chinese officials when they meet again on Monday.

ACM [Air Chief Marshal] Sitthi is accompanied by a group of 32 leading bankers and businessmen to explore investment opportunities in China.

The Thai delegation in its meeting with Premier Zhao also proposed that both countries increase the number of weekly flights between Bangkok and Beijing allowed for each other's airline from two to three.

Thailand also proposed that Beijing allow the establishment of a Thai consulate in Canton and offered the same privilege to China in a Thai city Beijing might consider suitable.

Economics Department Chief Danai Dulalapha said the Thai private sector also proposed that Thailand and China embark on direct trade between the private sectors of both countries.

Thailand and China are currently trading through their governments. Thai businessmen feel that both sides could expand the trade if direct business contacts were allowed.

In other developments, ACM Sitthi was assured by Chinese Premier Zhao Ziyang yesterday that Thailand and China would remain close political and economic allies irrespective of changes after the 13th Communist Party Congress in October.

ACM Sitthi said that numerous issues, including the ASEAN "cocktail party" proposal were discussed with the Chinese Premier.

The minister said Mr Zhao told him that "major administrative changes" were expected to follow the Congress and that attempts would be made to eradicate areas where administrative tasks overlap.

The Prime Minister told ACM Sitthi he had been fully briefed on developments in Kampuchea and he supported ASEAN's stand on the cocktail party proposal.

The cocktail party proposal now rested with Vietnam, he said admitting he had received reports Hanoi had rejected the proposal. He said he still considered the negative response to be "unofficial."

The minister said Hanoi should respond through diplomatic channels, namely from Vietnamese Foreign Minister Nguyen Co Thach to Indonesian Foreign Minister Mokhtar Kusumaatmaja rather than through announcements in its press.

ACM Sitthi said his main objective in his talks with Khmer resistance leader Prince Norodom Sihanouk in Pyongyang, North Korea, is to explain the "real meaning" of the cocktail party proposal and why the proposal was made.

After visiting Pyongyang, the Foreign Minister returns to Beijing on August 24 to brief his Chinese counterpart, Wu Xueqian, on the results of the talks before returning to Bangkok.

#### **Roundup Reviews Aquino-Galman Murders** OW202019 Beijing XINHUA in English 1419 GMT 20 Aug 87

["Roundup: Aquino-Galman Double Murder Case Remains a Mystery by Zhai Shuyao" — XINHUA headline]

[Text] Manila, August 20 (XINHUA) — The August, 1983 Aquino-Galman murder case which attracted worldwide attention remains a mystery, as the Philippines commemorates the fourth anniversary of the martyrdom of former Senator Benigno Aquino.

Aquino, President Corazon Aquino's husband, who was widely touted as the foremost opposition leader to deposed President Ferdinand Marcos, was murdered in broad daylight minutes after he left the airliner that brought him from a three-year exile in the United States. Rolando Galman, an alleged communist hitman, was killed on the spot by soldiers as his alleged "assassin."

The death of Aquino shocked Filipinos out of their political lethargy and triggered a nationwide movement that finally toppled the Marcos regime.

The Supreme Court of the Philippines ruled last September that the original trial of the double murder case at the anti-graft court during the period of Marcos' rule was the



"mistrial of the century." It issued an order exhorting the new anti-graft court to proceed with a retrial.

The court proceedings have since been marked by countless postponements, extensions of time to file amended information, and procedural skirmishes between the prosecution and defense, arising mostly from the various twists concerning prosecution witnesses — all resulting in delay.

Yesterday, new pieces of evidence, consisting of 39 photo blow-ups and 40 slides, were turned over to the court during the continuation of the retrial of the 40 accused in the murder of Aquino, suggesting that Benigno Aquino was shot from behind by one of his military escorts.

The photographs and slides showed that the bullet that hit Aquino had a "straight downward path", indicating he was shot by someone from a higher level than he was. Soldiers were the only persons above and behind Aquino when he was being escorted down the stairway of the plane at Manila International Airport.

The new evidence tends to contradict defense claims that it was Galman who shot Aquino. In the original trial, the court accepted the version that Galman sneaked through a tight security cordon and shot Aquino on the tarmac.

The discovery of the new evidence represented progress made in the retrial of the case. But it is still a far cry from clearing up the case because it lacks major and direct prosecution witnesses.

Court observers here said the court still has to find and furnish more convincing testimony and evidence to support the prosecution theory of a military conspiracy to kill Aquino.

"We are back to square one," declared Jose Ferrer, chief of the five-man government prosecution panel, in an interview with reporters. The retrial began April 29, this time with 40 accused.

Ferrer said the prosecution is experiencing extreme difficulty in pursuing its case against the accused because the lack of major prosecution witnesses slows down the stipulation of facts.

"They don't even want to admit that they are actually the persons charged in this case," Ferrer said, as he lamented the stiff resistance put up by the defense in admitting even the basic facts.

So far, about 20 persons have testified for the prosecution. These include ballistics experts, doctors who performed the autopsy on Aquino, chemists, laboratory technicians, and reporters who covered the Manila airport at the time Aquino was murdered.

Although the prosecution has lined up more than 50 witnesses to shatter the defense claim that Galman killed Aquino, a "guilty" verdict for the accused will be difficult to secure unless such guilt is proven "beyond reasonable doubt."

Realizing this, the prosecution intends to present several additional eyewitnesses besides Rebecca Quijano, the "crying lady," who created an international furor during the first trial, when she claimed that a militiaman shot Aquino from behind.

The claim was dismissed by the former court panel, appointed by Marcos, because of her "mental instability and lack of credibility".

Another prosecution strategy is to seek the help of a former defense witness, called the "kissing lady," who had testified in the original trial and claimed that she saw Galman shoot Aquino.

But the prosecution foresees legal problems if ever she testifies now, considering that she gave her original testimony under oath.

Ferrer said that unlike before, when the testimony of the five-man fact-finding board were admitted as prosecution evidence, the anti-graft court has refused to accept such evidence now due to the vehement protests aired by the defense. "We have to start all over again," he said.

The prosecution was able to get a total of 49 days to defer arraignment, 116 days to amend or file new information, six days to defer pre-trial and 43 days to postpone trial. The defense, on the other hand, was able to get 83 days to defer arraignment, according to local press reports.

Irked by the delay, the anti-graft court panel of justices, led by Justice Regino Hermosisima, warned both the prosecution and the defense that the court "will not countenance any further delay without valid excuses."

The 26 originally accused, led by former aviation security command chief, Brigadier General Luther Custodio, were finally arraigned on February 5. Then on April 6, the 14 other accused, led by former Tourism Minister Jose Aspiras and Former Bureau of Transport Director Jesus Singson, were arraigned.

It warrants attention that Alexander Loinaz, the professional photographer who presented the new evidence, told the court he had never previously volunteered to give evidence because he feared for his life.

Observers here are of the opinion that a key to cracking the four-year-old case is to provide safety guarantees for, and adopt correct policy towards, the very persons who are really in the know.

**CGDK's Son Sann on Talks Proposal**  
*BK201435 Beijing in Cambodian to Cambodia*  
1030 GMT 20 Aug 87

[Text] On 18 August, Son Sann, prime minister of the CGDK and chairman of the KPNLF, received a Chinese correspondent at a place on the Cambodian-Thai border, and insisted that the talks between the Cambodians and the Vietnamese must be based on the reasonable 8-point proposal of the CGDK. The CGDK can never accept Vietnam's occupation of Cambodia as a fait accompli.

Son Sann praised ASEAN's efforts in the search for a solution to the Cambodian question. He stressed that any plan, any proposal should never lead to the acceptance of Vietnam's occupation of Cambodia as a fait accompli, nor should it lead to the de facto recognition of the Heng Samrin regime. He said: We have to take concrete measures to make the international community bring greater pressure to bear on Vietnam and cause greater difficulties to the Vietnamese both at home and in Cambodia in order to force Vietnam to negotiate according to the 8-point proposal of the CGDK.

Regarding the current situation on the Cambodian battlefield, Prime Minister Son Sann said that the armed forces of the CGDK are making steady progress all over the battlefield, but the Vietnamese are very stubborn. The Cambodian people must firmly carry on the struggle to force Vietnam to come to the negotiating table to settle the Cambodian conflict.

### Near East & South Asia

**Qi Huaiyuan Interview on Kuwait Visit**  
*PM201509 London AL-MAJALLAH in Arabic*  
12-18 Aug 87 p 11

[Interview with PRC Vice Foreign Minister Qi Huaiyuan by Fadiyah al-Zu'bi in Kuwait; date not given]

[Text] [Al-zu'bi] What are the results of your visit to Kuwait?

[Qi] My visit to Kuwait has contributed to the growth and consolidation of Chinese-Kuwaiti links of friendship, cooperation, and understanding. I have been deeply impressed by the Kuwaiti leadership, having sensed its cordial sentiments and firm confidence in China. It is an essential goal of China's consistent and applied policy to strengthen these relations. We fully appreciate and admire Kuwait's fruitful efforts to develop relations between China and other Gulf states. The Kuwaiti leadership has expressed willingness to continue these efforts.

[Al-zu'bi] On what does China base its relations with the Gulf states, and what level have these relations reached?

[Qi] China is willing to establish normal diplomatic relations with the Gulf states and to develop these relations on the basis of the five principles of peaceful coexistence. China has already established diplomatic relations with some of these states.

[Al-zu'bi] How does China view the Gulf states in general?

[Qi] I seize the opportunity of my presence in Kuwait, which is a member of the GCC, to emphasize that China harbors cordial feelings for all the Gulf states, both the states with which we have diplomatic ties and those with which we do not. China and the Gulf states have made major contributions to the civilization of mankind. In

the past, we experienced similar sufferings and now we face the joint task of preserving peace and promoting development. Therefore the enhancement of friendly relations between China and the Gulf states serves not only the basic interests of the Chinese people and the peoples of these states but also the cause of regional and world peace.

[Al-zu'bi] It has been reported that you have agreed to lease oil tankers to Kuwait, despite the fact that China does not have many such tankers and the fact that it has never reflagged tankers in the past. Why did you take that step?

[Qi] The Kuwaiti request is still under serious consideration. We understand the reasons for it.

[Al-zu'bi] According to some reports, 70 per cent of Iranian arms are Chinese, including the Silkworm missiles deployed at the Strait of Hormuz. How true are these reports?

[Qi] These reports are not true, and the people behind them have suspect aims. China's position on the Iraq-Iran war is very clear. It is a position of not supplying Iran with any arms before the end of the war. As regards the arms which Iran already has, the source is known to everyone.

[Al-zu'bi] What is China's position on the question of an international peace conference on the Middle East?

[Qi] China supports such a conference under UN supervision provided it is attended by all the parties concerned.

[Al-zu'bi] Does China intend to establish diplomatic relations with Israel?

[Qi] There is no such intention. Our position is that Israel should stop its strategic expansionist aggressive policy and it should not obstruct the holding of an international peace conference on the Middle East.

[Al-zu'bi] What is your position on the Palestinian question?

[Qi] We sympathize with and support that cause and we believe that the Palestinian question is the core of the Middle East problem. We sympathize with the Palestinian people who are homeless and scattered among various countries. We hope the day will come when these people return to their homeland, regain their legitimate rights, and establish their independent Palestinian state as soon as possible.

[Al-zu'bi] What is China's position on the nuclear arms race?

[Qi] We wish the Soviet Union and the United States would hold serious negotiations on that matter and reach an agreement not harmful to other states. We believe

that peace in Europe is neither less important than nor separable from peace in Asia. We reaffirm our call for elimination, reduction, or destruction of medium-range missiles in Europe and Asia equally and simultaneously.

[Al-zu'bi] It has been said that China will change its liberal policy. What are the negative aspects of China's openness?"

[Qi] The policy of openness introduced in China 8 years ago has proved to be a positive policy and has been welcomed by all the people of China. The rumors about China's intention to change this policy are unfounded because we believe that the policy of isolation is futile. In the future we will seek to increase our openness, which, for your information, is not at present an openness just to the advanced countries but also to many other states in the Third World. We welcome our friends in these states and in the Gulf states and we invite them to come to China to see for themselves the achievements made under this policy. We have the following proverb in China: "One look is better than a thousand secondhand reports."

### Sub-Saharan Africa

**Zhao Meets Burundi Foreign Minister**  
OW201701 Beijing XINHUA Domestic Service in  
Chinese 1059 GMT 20 Aug 87

[Text] Beijing, August 20 (XINHUA) — Chinese Premier Zhao Ziyang said the key issue in China's reforms is to develop a commodity economy which will promote productivity growth by taking diversified measures under socialist conditions.

"This is what we mean by following more flexible policies and invigorating the economy," he added.

The Chinese premier made these remarks at a meeting with Egide Nkuriyingoma, minister of foreign affairs and cooperation of Burundi, and his party in Beijing this afternoon. Zhao Ziyang briefed the Burundi guests on China's policies of reforms and opening to the outside world.

"Maintaining a policy of isolation at a time when the world is rapidly progressing in scientific and technological development will not do," Zhao said, adding more countries should be involved in economic and technological exchange.

"In the 60's and 70's, China suffered in this regard," Zhao explained, "and we are trying to correct this situation."

As a socialist country, Zhao noted, China's experience over the past 30 years show socialism is applicable to China's conditions, and with the country's vast territory, large population and backward economy, it would not have reached its current level of stability without socialism.

"While carrying out the reforms and open policy," Zhao said, "China can never deviate from socialism."

China is building socialism on the basis of economic and cultural underdevelopment and premature capitalism, instead of fully-developed capitalism, Zhao went on, adding this has given China's socialist construction unique characteristics, and such an important question can not be neglected.

"We cannot step over the period for the development of a commodity economy, and we have to carry out this task, which should have been accomplished in a capitalist society, under socialist conditions," Zhao said, "so now we have worked out a series of policies and measures to promote the development of a commodity economy."

At present, almost all socialist countries are talking about reforms, Zhao noted, adding these countries generally emphasize social and political equality, but don't focus enough on efficiency, so we have to stress both.

Nkuriyingoma, who first visited China in 1978, told Zhao changes in China since then are quite noticeable.

He also conveyed greetings from Burundi President Jean Baptiste Bagaza to Chinese President Li Xiannian and the Chinese premier. Zhao Ziyang also asked Nkuriyingoma to convey the regards of President Li Xiannian and himself to President Bagaza.

### Wu Fets Minister

OW201852 Beijing XINHUA in English 1736 GMT  
20 Aug 87

[Text] Beijing, August 20 (XINHUA)— Chinese Foreign Minister Wu Xueqian hosted a banquet tonight for Egide Nkuriyingoma, the Burundi minister of external relations and cooperation and his party.

In his speech, Wu said, "Cordial and friendly relations exist between the two countries, and China and Burundi will continue to explore new fields of cooperation."

In his speech, Nkuriyingoma said his visit has shown the Burundi Government, led by President Bagaza, values strengthening friendly relations between the two countries, and hopes this trend will continue.

During his tour of Africa this May, Wu said he saw the spirit of the African countries and people in constantly striving to be stronger.

"The Chinese Government and people are concerned about the difficulties African countries face, and support and appreciate all their efforts to make the Africa continent prosperous," Wu added.

The Chinese foreign minister reaffirmed China's support for the just struggle waged by the people of South Africa, Namibia and other southern African countries until the final victory.

"China will further expand unity and cooperation with Africa and other Third World countries," Wu stated.

Nkuriyingoma strongly condemned South Africa for the inhumane apartheid system, armed aggression and subversion against frontline states in southern Africa, and the Pretoria regime for its military intervention in Angola and Namibia.

He also said, like China, Burundi stands for settling disputes and conflicts through peaceful negotiation, whether in Africa, the Middle East, the Near East, Asia or Central America.

On South-South cooperation, Nkuriyingoma said cooperation among countries of the south is important to developing countries and will facilitate North-South talks aimed at establishing a more just and rational international economic order.

### East Europe

**Zhao, Polish Officials On Reforms**  
*OW211054 Beijing XINHUA in English 1011 GMT*  
21 Aug 87

[Text] Beijing, August 21 (XINHUA) — Zhao Ziyang, acting general secretary of the Chinese Communist Party Central Committee, met with Marian Wozniak, member of the Political Bureau and Secretariat of the Polish United Workers' Party Central Committee, and his party here this morning.

Zhao, also premier of the State Council, briefed the Polish guests on China's reform in enterprises.

He said during the first six months of this year the state-owned enterprises have carried out the contracting system based on giving them more decision-making power.

That is to say, he said, the ownership of enterprises' property belongs to the state and the management rights to the managers themselves. Managers can be chosen through bidding, thus introducing competition factor to the contract practice.

The method of bidding is meant to open to the whole society, which will lead to a revolution in the personnel management system of enterprises.

The implementation of the contracting system by state-owned enterprises is of great significance to the present reform in China.

Zhao told the visitors that the four special economic zones established in the past eight years were successful, adding that China has also opened 14 coastal cities to the outside world. "These are special policies China has adopted in accordance with its actual conditions," he noted.

He said China and Poland have many identical ideas on economic reform and Poland has started earlier than China in political structural reform.

China has great interest in Poland's political and economic structural reform and attaches great importance to Poland's ideas and policies on reform.

Zhao said he hoped China and Poland will keep contacts and exchanges in this field and draw on each other's experience.

Wozniak said the socialist countries take their own socialist road in accordance with their own conditions. He agreed that exchange in the field of reform is beneficial to both sides. He also hoped for intensified exchanges in the political and economic fields.

He said Poland has been always interested in China's progress in reform.

The Polish visitors arrived here from Pyongyang earlier today.



**Bo Yibo Prefaces Book on Reform**

OW201442 Beijing XINHUA Domestic Service in  
Chinese 0803 GMT 20 Aug 87

[Text] Beijing, 20 Aug (XINHUA) — In a recent preface to a book "Two Hundred Questions and Answers on China's Economic Reform," Bo Yibo pointed out that in publicizing a theory and instilling it into the hearts of the people, it is of crucial importance to answer those questions that are of utmost concern to the masses. He said that the fundamental key lies nowhere but in upholding the principle of integrating the universal truth of Marxism with the concrete practice of reform and construction in China. By relying on this principle we can find creative answers to the various questions that crop up in the course of practice, effectively carry out propaganda work, and penetrate the hearts of the people.

Bo Yibo affirmed the propaganda method of conducting discussion with the masses on an equal basis in order to answer social and economic questions about which they are most concerned, but do not quite understand or have misgivings about. He said: This method of dialogue, which existed in the past but which we forgot before we realized it, is an excellent way of holding consultations with the masses and people outside the party on an equal basis. The revival of this method is very useful under the new situation.

Expounding the demands set by reform on current theoretical and propaganda work, Bo Yibo said: Since facts speak louder than words, reform has brought about visible, concrete benefit to the masses. Therefore, they support reform, which is a good thing. However, it is, after all, something new to the Chinese people. Since we are confronted with many complex problems and may encounter errors of one kind or another, which may in turn arouse misgivings and resentment on the part of the masses, it is of utmost importance to regularly conduct study and investigation, identify problems, and find out correct answers by holding dialogue and consultations with the masses.

Bo Yibo said: There are two basic points in the line pursued by the party since the 3d Plenary Session of its 11th Central Committee. One is upholding the four cardinal principles, and the other, persisting in the policy of reform, opening to the outside world, and invigorating the economy. These two basic points are interrelated, interdependent, and integrated in the practice of building socialism with Chinese characteristics. We must oppose both "leftist" and rightist tendencies whenever they appear. Due to deep-rooted "leftist" habits in the 2 decades or so since the late 1950's, the fight against the "leftist" tendency will be our primary task and merits our keen attention.

He said: In concentrating our efforts on economic development and sticking to the two basic points to promote construction and deepen reform, we must adopt various measures to be able to frankly exchange views with the masses in the light of the reality of reform. Instead of issuing administrative orders and instructions, we should conduct dialogue and consultations with the masses on an equal basis.

Bo Yibo said: The achievements in reform should be publicized, but the publicity should be pertinent. In answering questions raised by the masses, we should be patient and honest, and should use skill and reasoning. Empty talk, exaggeration, cliches, or even lies will only be counterproductive. When the masses show lack of understanding for the government's successive reform measures, it is necessary to patiently explain them to help the masses understand why such measures are taken. Any great innovation in history is made at a high price, and the current reform is no exception. Whenever a certain error occurs, we should, instead of ignoring the contradiction, explain its root cause and solution as it really is so that the masses can realize that reform is not smooth sailing. We should make painstaking efforts and take the initiative to guide the masses to recognize the necessity of reform and enhance their confidence on victory. In this way, the masses will show better understanding for reform and be inspired to dedicate themselves to the cause of reform with greater enthusiasm and courage.

Bo Yibo said: In order to use the method of presenting facts and reasoning things out, we must have facts and reasons, which come only from practice. He pointed out: In publicizing reform, propaganda workers must first familiarize themselves with reform and devote themselves to reform. What we need are bold and innovative new ideas and methods suited to various circumstances and characteristics of the masses to replace outdated ideas and methods which are no longer effective in the new era. People who are engaged in theoretical and propaganda work face the question of continuously having to raise their ideological and theoretical level. They should discard obsolete and ossified views, use innovative ideas and language to publicize reform, emancipate their minds, make diligent efforts to seek progress and study, and explore ways to solve the theoretical and practical problems that crop up in carrying out reform and the open policy.

The book "Two Hundred Questions and Answers on China's Economic Reform" was compiled by some theoretical and propaganda workers of the Office on Publicizing Reform under the China Research Institute of Economic Structural Reform on the basis of an extensive social survey. The book, which is published by the Renmin Ribao Publishing House, provides succinct answers to a number of questions about which the masses are concerned.

**Interview With Science Academy Head**

HK210807 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 33, 17 Aug 87 pp 3-4

[Article by Gu Mainan (7357 6701 0589): "A Good Beginning in Science and Technology Structural Reform — An Interview With Zhou Guangzhao, President of the Chinese Academy of Sciences"]

[Excerpts] On a summer weekend, this reporter entered the office of Zhou Guangzhao, president of the Chinese Academy of Sciences. [passage omitted]

"What am I expected to talk about?" said he, smiling, after sitting down on the sofa.

"Please talk about the achievements the academy has made in reform since you assumed office."

Then the president spoke with fervor and assurance.

"Ten aspects of reform work were planned for this year. The work has been carried out in an overall way and we have made a good beginning in many aspects of our work. Efforts to organize scientific and technological forces to participate in tackling major technical problems for the state have resulted in 109 units with about 7,000 scientists and technicians participating in undertaking the tasks of solving key technological problems included in the state's Seventh 5-Year Plan (1986-1990). In other words, we have shifted our resources to the main battlefield. Centering on the state-assigned tasks of solving key technological problems, we have formed many research and development centers closely related to enterprises or intermediary experimental bases in such areas as biological engineering, remote sensing application, new chemical materials, coal energy chemicals, and robots. The facts have shown that this will help form a contingent that is highly cooperative and capable of tackling major technological problems. We have also selectively supported a batch of new technology development companies (groups) or associations in rapidly transforming scientific research results into products and entering international markets with their products. Specifically speaking, we should run the Daheng Optical Holdings Company well and strengthen cooperation and integration between different information and data companies. Meanwhile, we will selectively support and run some Chinese-foreign joint venture companies to create experience in such fields as export and import of technology and cooperation and development and to operate Shenzhen's science and technology industrial park well. Now all these reforms are progressing smoothly. [passage omitted]

"How long is the president's term of office?"

"It is usually 3 years. If he does well, he can be reappointed. Most research institutes are serious in carrying out the work mentioned above. All reform propositions are discussed by the staff members and workers congresses before they are adopted and implemented. The academy authorities have heard reports submitted by the lower-level units in accordance with different branches of learning and different trades and mobilized the academy's scientific and technological forces to the main battlefield basically in accordance with the spirit of the approval given by the CPC Central Committee. In addition, we will, as always, run our research institutes well in the spirit of integration, openness, and mobility and strengthen integration with institutions of higher learning, local authorities, and enterprises. Last year we opened 19 laboratories, and this year we plan to open another 20 laboratories or so. Therefore, the academy's laboratories that have been opened to the public will

come to about 40." At this point in the conversation, President Zhou Guangzhao got up and served this reporter and himself some tea and then went on to say slowly: The units of the academy that are engaged in resource, environmental, and ecological research have made concerted efforts to form a comprehensive research center in accordance with different regions (the northeast, the southwest, mountainous areas, and the Huang He, Huai He, and Hai He). To strengthen the ties with large, medium-size, and small enterprises, the Chinese Academy of Sciences and the State Economic Commission have jointly formed the Foundation for Promoting the Economy With Science and Technology, with a view to speedily transforming promising research results into products and providing an economic guarantee for the integration of enterprises and institutes. In early September of this year, the foundation will begin to accept applications for project development whose procedures are now under discussion. [punctuation as published] [passage omitted]

As the interview was nearing an end, Zhou Guangzhao said: Presently we are also confronted with some difficulties. In the past we trained qualified personnel on a single-line basis. Now, to meet the needs of reform, we should work hard to seek talented people who are both well versed in science and technology and in operations and management and to create conditions for young people to mature at an accelerated pace. He stated: In the new situation of reform and opening up, the Chinese Academy of Sciences, the largest comprehensive research center of natural sciences in China, will certainly be able to make more and more contributions to the national economy.

Yang Shangkun, Wang Zhen in Xingcheng  
OW202038 Beijing XINHUA in English 1736 GMT  
20 Aug 87

[Text] Beijing, August 20 (XINHUA) — Two senior Chinese party leaders have urged the local departments to make Xingcheng City in northeast China's Liaoning Province a tourism city like the present Beidaihe in five years.

Beidaihe, near Qinhuangdao City in Hebei Province, is the best place for tourism and convalescence in north China.

Yang Shangkun, member of the Political Bureau of the Chinese Communist Party Central Committee and executive vice-chairman of the Central Military Commission, and Wang Zhen, vice-chairman of the C.P.C. Central Advisory Commission, made the call yesterday during an inspection tour of the city.

The idea of making Xingcheng "the second Beidaihe" was first conceived by Chinese Premier Zhao Ziyang during his tour of the city in July 1984.

A coastal city facing the Bohai Sea with hills nearby, Xingcheng has beautiful landscape and pleasant weather, and its beaches are good for swimming. The city was first

built in 1428 during the Ming Dynasty, with repairs made in the following years. It is now the most well-preserved Ming City in China.

At the Shoushan hills in the city's eastern part, there are the Chaoyang Temple and ancient beacon towers standing among rare pines and rocks.

The Juhua Island lies 9 kilometers off the coast. It just takes 40 minutes to get there.

The first beach here has been opened to the public, which receives more than 40,000 tourists a day, and up to 100,000 during peak periods. With the completion of the second and third beaches, the place may receive 300,000 vacationers a day.

Also, the leaders enquired into the construction of the city's administration, the protection of cultural relics, the development of tourism facilities and the use and administration of the lands, as well as the production and the people's living there.

Wang Zhen urged the city government to open some local sanatoriums to the public and ensure the supply of fresh water and electricity.

The developing of tourism resources to serve the needs of the four modernizations is our guiding principle, Yang Shangkun said, hoping the city would become a completely modernized tourism city within five years.

**CMC Leaders on Coaching Youngsters**  
*OW202327 Beijing XINHUA Domestic Service in Chinese 1313 GMT 20 Aug 8*

[Text] Beijing, 20 Aug (XINHUA) — Xu Xiangqian and Nie Rongzhen, vice chairmen of the Central Military Commission [CMC], recently wrote letters to the PLA's outstanding after-school activities counsellors, earnestly urging them to take an active part in the noble cause of educating the nation's younger generation, to pass on good thinking and work styles as well as the iron discipline of the People's Armed Forces to youngsters. They should also encourage them to aim high and be educated people with lofty ideals and a high sense of morality and discipline.

Representatives of advanced individuals and collectives attending a PLA meeting to exchange experiences in conducting after-school counselling gathered in Beijing today to sum up and exchange their experiences in educating the younger generation and receive commendation by the CYL Central Committee, the PLA General Political Department, and the State Education Commission.

Xu Xiangqian says in his letter: Since the founding of the Republic, and especially since the 1960's when the movement to emulate Lei Feng began, a large number of outstanding after-school activities counsellors have come to the fore from the Armed Forces. Because of

their outstanding performance, they have won the whole nation's praise as well as the children's respect and love. During the new period of socialist construction, this job has to be done more earnestly, more effectively, and in a more lively way.

Nie Rongzhen says in his letter: After-school counselling is a strategic task. The work of educating youngsters not only has a close bearing on a nation's prosperity but also on the future of the Armed Forces. Such being the case, it is highly essential for the Armed Forces to regard after-school counselling an important aspect of political work and mass work during the new period. Not only is it in line with the Armed Forces' objective, but it is also their unshirkable responsibility.

**Ulanhu Receives CPC Secretaries**  
*SK201248 Hohhot Nei Mongol Regional Service in Mandarin 1000 GMT 19 Aug 87*

[Text] This afternoon at the (Xincheng) Guesthouse in Hohhot, Chinese Vice President Ulanhu received the league and city party committee secretaries participating in the conference on the work of the regional party committee. He then posed for a picture with the conference's participants.

Among the regional leaders accompanying Vice President Ulanhu during the reception were Zhang Shuguang, Bu He, Qian Fenyong, Batubagen, Wang Duo, Lin Weiran, Hao Xiushan, He Yao, and Shi Shengrong. Also joining the reception were Ting Mao, member of the Central Advisory Commission; and Kong Fei, member of the National CPPCC Committee.

**Paper Examines United Front Work**  
*HK200951 Beijing RENMIN RIBAO in Chinese 14 Aug 87 p 5*

[Article by Wu Huichan (0702 1979 1292): "United Front Work Should Serve Reform, Opening Up, and Invigorating the Economy"]

[Text] The party's policies of reform and opening up have widened the scope of united front work. Under the new situation, the work is facing a new task: How to suit the new situation of reform, opening up and economic invigoration, and how to unite with all the patriotic forces in overseas economic circles so as to push ahead the development of socialist modernization.

**United Front Work Should Better Serve Economic Construction [subhead]**

Under the leadership of the CPC, united front work is a magic weapon for promoting the Chinese revolution and economic construction. The targets and tasks of united front work vary in accordance with the different general lines and tasks of the party in different historical periods. During the "Cultural Revolution," the party's united front work was severely crippled. The 3d Plenary Session of the 11th CPC Central Committee corrected the "leftist" error of "taking class struggle as the key link" and



made the important strategic decision of shifting the focus of the work of the whole party to socialist modernization. With the shift of the strategic focal point of the party's work, its united front work has entered a new historical period and is undertaking new historical tasks. The key task for our united front work in the new historical period is to unite all the patriotic forces that can be united at home and abroad, in an effort to attain the grand objective of reunifying the motherland and promoting national rejuvenation. The patriotic united front should serve the implementation of the "one country, two systems" principle and the reform and opening up policies; the building of socialist material and spiritual civilization; the development of socialist democracy; and the promotion of the legal system. In "The Resolution by the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization," clearly points out that the overall scheme for China's socialist modernization is as follows: Taking economic development as the key link we are to continue to reform our economic and political structures and, at the same time, speed up the country's cultural and ideological progress. Under the new situation, our united front work should center on economic construction. While being subordinated to the "steadfastness in three aspects," united front work should be linked to economic work and better serve the development of economic construction.

With the changes in the party's strategic principles, the targets of united front work in the new historical period have also changed greatly. In our country, the exploiting classes have been eliminated and many of their elements have been able to support themselves by their own labor, and intellectuals are now part of the working class. Meanwhile, all democratic parties have become political alliances maintaining links with socialist laborers and patriotic socialist supporters. For example, the All-China Federation of Industry and Commerce is a mass organization with a united front nature. To suit the needs of reform and opening up, the scope and targets of the patriotic united front are getting wider and wider. On the one hand, we have an alliance composed of all laborers and patriots on the mainland on the political basis of building socialism; and on the other, we have an alliance which unites with tens of millions of our compatriots in Taiwan, Hong Kong and Macao, and Overseas Chinese, on the political basis of supporting reunification of the motherland.

Because of the ever deepening of reform and opening up, and in particular the development of the socialist commodity economy in recent years, dramatic changes have taken place in our country's ownership structure. By taking large- and medium-sized enterprises as the main body, enterprises with multiform ownership, such as collective enterprises, individual enterprises, Chinese-foreign enterprises, cooperative enterprises and enterprises run exclusively with foreign investment, have developed rapidly. Under the new situation, principal targets for united front work in economic circles may include economic people of two categories: On the

mainland, they include representatives of private, collective and foreign enterprises, enterprises owned by the whole people, enterprise groups and non-governmental industrial and commercial organizations, as well as influential leading exponents in economic circles; outside our country, they include typical representatives of economic circles in Taiwan, Hong Kong, and Macao, and the majority of overseas patriotic businessmen. With the development of the economic situation in our country, the scope of our united front in the economic sphere is increasingly widening. This is one the essential features of our united front work in the new historical period and meets the needs of building socialism with Chinese characteristics.

#### Promptly Promote the United Front Work in the Economic Sphere at Home and Abroad [subhead]

The new situation in reform and opening up requires us to vigorously expand united front work in the economic sphere at home and abroad.

To fully develop patriotic united front work at home and abroad, we must stand facing Taiwan, Hong Kong and Macao and other parts of the world by widening our field of vision and having a foothold at home. This is an important development of our party's united front work under the new situation. Many patriots among our compatriots in Taiwan, Hong Kong and Macao, and Overseas Chinese are engaged in economic work. They can directly or indirectly exert themselves in the economic construction of the motherland. To speed up our development of productive forces, the united front work in the economic sphere on the mainland should be closely linked to our overseas economic united front. The two are interdependent and promote each other. Our united front work on the mainland is the base and support for our united front work abroad, and the latter also sets new demands on the former. To vigorously develop economic united front work at home and abroad is also a new feature of our united front work under the new situation of carrying out reform and opening up to the outside world. We must do a good a job in united front work at home and abroad with pioneering spirit.

With regard to the united front work at home, we think the following points merit our attention and exploration:

— Support and help all democratic parties and all branches of the All-China Federation of Industry and Commerce to make good use of their talented people, so that they will be able to present their views and exercise supervision over major issues in the state economic life, and help formulate our economic policies in a democratic and scientific manner. In particular, all branches of the All-China Federation of Industry and Commerce have the features of chambers of commerce, and their members can provide strategic consultancy and advice on laws, regulations, and policies formulated by the state, regions, and trades, for promoting economic development.

— Support and help all democratic parties, all branches of the All-China Federation of Industry and Commerce, and people in economic circles, to promote the activities



of providing consultancy in the scientific, technological and economic fields, and training industrial and commercial specialists, in an effort to push forward the economic and social development of our country. In particular, we must support them in giving more and better advice; imparting professional training for the expansion of town enterprises and the development of small towns in coordination with the "Spark Plan" advanced by the State Science and Technology Commission; and helping them sum up experiences in this aspect with unceasing effort. In recent years they have made great achievements in this area of work.

**Paper Examines United Front Work**  
*HK200951 Beijing RENMIN RIBAO in Chinese*  
14 Aug 87 p 5

[Article by Wu Huichan (0702 1979 1292): "United Front Work Should Serve Reform, Opening Up, and Invigorating the Economy"]

[Text] The party's policies of reform and opening up have widened the scope of united front work. Under the new situation, the work is facing a new task: How to suit the new situation of reform, opening up and economic invigoration, and how to unite with all the patriotic forces in overseas economic circles so as to push ahead the development of socialist modernization.

**United Front Work Should Better Serve Economic Construction [subhead]**

Under the leadership of the CPC, united front work is a magic weapon for promoting the Chinese revolution and economic construction. The targets and tasks of united front work vary in accordance with the different general lines and tasks of the party in different historical periods. During the "Cultural Revolution," the party's united front work was severely crippled. The 3d Plenary Session of the 11th CPC Central Committee corrected the "leftist" error of "taking class struggle as the key link" and made the important strategic decision of shifting the focus of the work of the whole party to socialist modernization. With the shift of the strategic focal point of the party's work, its united front work has entered a new historical period and is undertaking new historical tasks. The key task for our united front work in the new historical period is to unite all the patriotic forces that can be united at home and abroad, in an effort to attain the grand objective of reunifying the motherland and promoting national rejuvenation. The patriotic united front should serve the implementation of the "one country, two systems" principle and the reform and opening up policies; the building of socialist material and spiritual civilization; the development of socialist democracy; and the promotion of the legal system. In "The Resolution by the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization," clearly points out that the overall scheme for China's socialist modernization is as follows: Taking economic development as the key link we are to continue to reform our economic and political structures and, at

the same time, speed up the country's cultural and ideological progress. Under the new situation, our united front work should center on economic construction. While being subordinated to the "steadfastness in three aspects," united front work should be linked to economic work and better serve the development of economic construction.

With the changes in the party's strategic principles, the targets of united front work in the new historical period have also changed greatly. In our country, the exploiting classes have been eliminated and many of their elements have been able to support themselves by their own labor, and intellectuals are now part of the working class. Meanwhile, all democratic parties have become political alliances maintaining links with socialist laborers and patriotic socialist supporters. For example, the All-China Federation of Industry and Commerce is a mass organization with a united front nature. To suit the needs of reform and opening up, the scope and targets of the patriotic united front are getting wider and wider. On the one hand, we have an alliance composed of all laborers and patriots on the mainland on the political basis of building socialism; and on the other, we have an alliance which unites with tens of millions of our compatriots in Taiwan, Hong Kong and Macao, and Overseas Chinese, on the political basis of supporting reunification of the motherland.

Because of the ever deepening of reform and opening up, and in particular the development of the socialist commodity economy in recent years, dramatic changes have taken place in our country's ownership structure. By taking large- and medium-sized enterprises as the main body, enterprises with multiform ownership, such as collective enterprises, individual enterprises, Chinese-foreign enterprises, cooperative enterprises and enterprises run exclusively with foreign investment, have developed rapidly. Under the new situation, principal targets for united front work in economic circles may include economic people of two categories: On the mainland, they include representatives of private, collective and foreign enterprises, enterprises owned by the whole people, enterprise groups and non-governmental industrial and commercial organizations, as well as influential leading exponents in economic circles; outside our country, they include typical representatives of economic circles in Taiwan, Hong Kong, and Macao, and the majority of overseas patriotic businessmen. With the development of the economic situation in our country, the scope of our united front in the economic sphere is increasingly widening. This is one the essential features of our united front work in the new historical period and meets the needs of building socialism with Chinese characteristics.

**Promptly Promote the United Front Work in the Economic Sphere at Home and Abroad [subhead]**

The new situation in reform and opening up requires us to vigorously expand united front work in the economic sphere at home and abroad.

To fully develop patriotic united front work at home and abroad, we must stand facing Taiwan, Hong Kong and Macao and other parts of the world by widening our field of vision and having a foothold at home. This is an important development of our party's united front work under the new situation. Many patriots among our compatriots in Taiwan, Hong Kong and Macao, and Overseas Chinese are engaged in economic work. They can directly or indirectly exert themselves in the economic construction of the motherland. To speed up our development of productive forces, the united front work in the economic sphere on the mainland should be closely linked to our overseas economic united front. The two are interdependent and promote each other. Our united front work on the mainland is the base and support for our united front work abroad, and the latter also sets new demands on the former. To vigorously develop economic united front work at home and abroad is also a new feature of our united front work under the new situation of carrying out reform and opening up to the outside world. We must do a good job in united front work at home and abroad with pioneering spirit.

With regard to the united front work at home, we think the following points merit our attention and exploration:

— Support and help all democratic parties and all branches of the All-China Federation of Industry and Commerce to make good use of their talented people, so that they will be able to present their views and exercise supervision over major issues in the state economic life, and help formulate our economic policies in a democratic and scientific manner. In particular, all branches of the All-China Federation of Industry and Commerce have the features of chambers of commerce, and their members can provide strategic consultancy and advice on laws, regulations, and policies formulated by the state, regions, and trades, for promoting economic development.

— Support and help all democratic parties, all branches of the All-China Federation of Industry and Commerce, and people in economic circles, to promote the activities of providing consultancy in the scientific, technological and economic fields, and training industrial and commercial specialists, in an effort to push forward the economic and social development of our country. In particular, we must support them in giving more and better advice; imparting professional training for the expansion of town enterprises and the development of small towns in coordination with the "Spark Plan" advanced by the State Science and Technology Commission; and helping them sum up experiences in this aspect with unceasing effort. In recent years they have made great achievements in this area of work.

— Support and assist all branches of the All-China Federation of Industry and Commerce to run enterprises well. Many members of the All-China Federation of Industry and Commerce have an intimate knowledge of the commodity economy, and are highly experienced in management of enterprises, both industrial and commercial. The All-China Federation of Industry and Commerce can play its unique role as a non-governmental

chamber of commerce in improving enterprise management and the quality of products, developing the commodity economy, exchanging economic information, and promoting turnover of funds. The organization has so far run more than 1,100 industrial and commercial enterprises in 28 provinces and autonomous regions, 400 counties directly under cities, and in 62 trades in big cities. Thanks to their rich experience in management and operations, none of these enterprises have suffered losses.

— Do a good job in economic united front work in coastal open cities, the special economic zones, and enterprises run with foreign capital in all the localities. In the book "Building Socialism With Chinese Characteristics" (p 55), Comrade Xiaoping stresses: "It is certain that foreign funds can be used as an important supplement to our socialist construction, and today it seems they can be regarded as an indispensable supplement." By using coastal open cities and the special economic zones as bridgeheads, we import funds and technology from abroad and export our processed raw materials and primary products to the world markets to earn more foreign exchange. The branches of the All-China Federation of Industry and Commerce in the coastal open cities and special economic zones have wide connections with our compatriots in Taiwan, Hong Kong and Macao, and people in economic circles abroad. Acting as a go-between, over the past few years they have done large amounts of work helpful to the relevant departments and offered various forms of services, thus promoting implementation of the policies of reform, opening up and economic invigoration. Departments in charge of united front work should make proper use of, and give full play to, the "window" role taken by the coastal open cities and special economic zones, and do a good job of united front work in the economic sphere in coordination with the departments concerned.

— Assist the western part of our country, the minority areas, and the remote impoverished areas, to develop the economy eliminate poverty and strive for a better life. Departments in charge of united front work should vigorously support democratic parties, branches of the All-China Federation of Industry and Commerce, and people from scientific, technological, and economic circles in attracting funds, technology, and talented people to the aforementioned areas so as to create conditions for the development of the commodity economy, and the exploitation of natural resources in those areas. In the past 2 years, the China Association for Promoting Democracy and the All-China Federation of Industry and Commerce have given warm support to minority areas by providing more than 2,700 specialized personnel, offering 2,000 items of consultancy service and training more than 40,000 specialists in industrial and commercial management and technology.

— Make a thoroughgoing investigation and study of new things and new problems emerging in the economic sphere under the new situation. According to figures prepared by the State Administration of Industry and

Commerce, by the end of 1986 there were 12.11 million individual industrial and commercial units throughout the country from which a large number of influential leading exponents had emerged. With the development of the commodity economy, a certain number of private enterprises have appeared in some areas. Facing different types of economic organizations resulting from multi-form systems of ownership and their typical representatives, departments in charge of united front work must size up the new situation and identify new problems through in-depth investigation and study, and promptly sum up united front work experiences in those economic organizations and enterprises.

To promote overseas economic united front work we must first motivate the activities of cementing friendship with people in economic circles among our compatriots in Taiwan, Hong Kong and Macao, and overseas Chinese. We must emancipate our minds, shake off the yoke of "leftist" ideas and guard against obstruction from the right. In promoting economic united front work abroad, we must make friends over a wide range and treat them openheartedly, and bring every positive factor into play. Among tens of millions of our nationals residing abroad, many of them now engage in industry, commerce, trade and other economic work. Some of them are influential in political circles, have strong status in the economic field, enjoy good reputations in society, and have great academic attainments. Due to faults in our work, some patriotic Overseas Chinese find it impossible to dedicate themselves to the service of their country. The situation calls for us, on our own initiative, to make friends with them. So far as our compatriots in Taiwan, Hong Kong and Macao are concerned, as long as they stand for reunification of the motherland, they should be regarded as patriotic. On this basis, we may publicize the party's policies in various forms and promote friendship with them, and their second and third generations. On the basis of mutual benefit, we may encourage them to make investments on the mainland, pass on their technical skills, and run different types of enterprises. Meanwhile, through them we may also establish ties with more people in international industrial and commercial circles to promote trade and economic and technological exchanges.

#### Coordinate Efforts in Doing a Good Job of Economic United Front Work [subhead]

At a national united front work conference, Comrade Zhou Enlai pointed out: United front work is an important aspect of the work of the whole party. United front policy should be implemented by the whole party and the work of all departments should not be separated from united front work. Under the present new situation, the patriotic united front work at home and abroad should rely all the more on the efforts of all departments. In their economic activities in recent years, all government departments, especially departments in charge of economic work as well as the relevant non-governmental organizations, enterprises and institutions, have received tens of thousands of Overseas Chinese and

foreign businessmen, and have fostered deep friendships with numerous Overseas Chinese. It can thus be seen that it is necessary and possible for all departments concerned, and particularly departments in charge of economic work, to link economic work to united front work so as to enhance their consciousness in doing united front work well.

The policies of reform, opening up and economic invigoration are closely related to economic united front work. In importing technology, equipment, and funds, all localities and departments in charge of economic work are always in close contact with our compatriots in Taiwan, Hong Kong and Macao, and our nationals residing abroad. At present, enterprises on the mainland invested in by our compatriots in Taiwan, Hong Kong and Macao, make up 70 percent of the total foreign invested enterprises, and more than 50 percent of total investment funds. Most of the imported projects which have achieved remarkable success were agreed upon through the endeavors of democratic parties and the All-China Federation of Industry and Commerce acting as middleman between them and our compatriots in Taiwan, Hong Kong and Macao. By establishing close ties with people in economic circles at home and abroad and increasingly broadening the patriotic united front, departments in charge of united front work may act as go-betweens for departments in charge of economic work, so as to further the implementation of the opening up and economic invigoration policies.

The key task in our economic united front work is to extensively unite patriotic personages in economic circles at home and abroad to serve the four modernizations. Departments in charge of both economic and united front work should cooperate hand in hand, make concerted efforts, and strengthen lateral ties in promoting economic united front work and economic and trade work abroad. Meanwhile, they should also create a favorable environment overseas to encourage our compatriots in Taiwan, Hong Kong and Macao to make investments and run enterprises on the mainland, and to attract more foreign investors to our country to speed up the process of our four modernizations.

Opening up to the outside world is the long-term basic policy of our country. In applying the party's opening up policy, departments in charge of both united front and economic work should give full play to their advantages. In promoting economic united front work among our compatriots in Taiwan, Hong Kong and Macao, neither should monopolize the work and do things in its own way. All departments should always exchange information, unify policies and coordinate activities so as to work for our economic reconstruction and strive for the grand goal of achieving reunification of the motherland and national rejuvenation.



**Commentator Views Relations in Reform**  
*HK201402 Beijing GUANGMING RIBAO in Chinese*  
11 Aug 87 p 3

[Commentator's article: "Correctly Understand and Correctly Handle the Relations of the Interests of All Quarters Concerned in the Course of Reform"]

[Text] At present, the reform of the economic structure of our country is in a period of the old economic structure being replaced by a new economic structure. A variety of contradictions are bound to emerge in this period, and we are bound to face a question of understanding and a question of interests. People's understanding of and attitude toward the reform will inevitably be affected to a certain extent by the relations of the interests of all quarters concerned. For this reason, we should pay great attention to how to correctly understand and deal with the relations of the interests of all quarters concerned in the course of reform.

Economic structural reform is primarily aimed at developing the advantages and eliminating the disadvantages. The basic task of the economic structural reform is to fundamentally reform the old economic structure, which has hindered the development of the productive forces of our country, eliminate the defects of the old economic structure, build a dynamic socialist economic structure with salient Chinese characteristics, promote the development of the productive forces, and enable our country to become a rich and powerful socialist country and our people to become prosperous. Economic structural reforms represent the fundamental and long-term interests of a billion Chinese people and will certainly bring prosperity and happiness to the Chinese people. Practice has proved that since the 3d Plenary Session of the 11th CPC Central Committee, economic structural reform has brought obvious economic results to all aspects of our life, has greatly strengthened the economic strength of our country, and has greatly enriched and improved the material and cultural life of the majority of Chinese citizens in the urban and rural areas. This fact is obvious to all. And this fact is also the fundamental reason why economic structural reform has been warmly supported by the Chinese people.

Along with the in-depth economic structural reform, the relations of the interests of all quarters concerned will certainly be readjusted. The original structure of interests and original relations of distribution will gradually be replaced by a new and more rational structure of interests and new and more rational relations of distribution. This is a gradual process. As far as the overall situation of our country is concerned and from a long-term point of view, along with the in-depth development of economic structural reform, the actual interests of all quarters concerned will certainly be increased. However, it will be impossible for all quarters concerned to have their respective interests equally and simultaneously increased in the reform. Very often, we will find that the interests of some people will increase earlier than those of other people. Therefore, it is unrealistic for us to

expect that each specific reform measure we adopt in the process of reform can simultaneously and equally increase the actual interests of everyone. Because the readjustment of the relations of the interests of all quarters concerned is a gradual process, sometimes, the actual interests people gain from implementation of a certain reform measure can be partially offset by the implementation of another reform measure. Equally, the actual interests people lose because of implementation of a certain reform measure can also be regained from the implementation of another reform measure. Certainly, economic structural reform will in a certain sense encroach on the immediate, partial, and local interests of some people, departments, and localities. People's attitudes toward economic structural reform are closely related with the complicated changes in the relations of the interests of all quarters concerned. Although few people have so far opposed economic structural reform, there has been a great diversity of views among the people in the course of the implementation of the specific reform measures. This situation has not only been closely related with people's understanding of economic structural reform but has also been closely related with the relations of the interests of all quarters concerned. Thus, we should pay close attention to this situation.

The leaders at various levels must adopt reform measures according to the principle of proceeding from the overall situation and taking all factors into consideration to increase the actual interests of all quarters concerned, enable the economic structural reform to command the support of the broad masses of the people, and guarantee smooth development of economic structural reform on the premise that the interests of the state, the collectives, and the individuals should conform with one another. On the question of the distribution of the actual interests among all members of our society, we should do everything we can to overcome equalitarianism, insist on creating a reasonable gap between the incomes of the people, and encourage some people to become prosperous before others through hard work; we must also rationally readjust excessively high incomes people gain through legal and just channels to prevent an excessively big gap between the incomes of the people (we must confiscate sudden huge profits people gain through illegal and unjust channels and severely punish those who gain sudden huge profits through illegal and unjust channels according to the law).

What is worth mentioning here is that we should pay particular attention to the role played by ideological and ethical factors in the course of readjusting the relations of the interests of all quarters concerned. As far as the overall situation is concerned and from a long-term point of view, the economic structural reform will certainly bring actual interests to the whole country and the whole people. However, as far as immediate, partial, and local interests are concerned, some people will suffer certain losses in certain aspects in the course of economic structural reform. Here, we are faced with a question of how to view these losses. We should subordinate partial and local interests to the interests of the



whole, subordinate immediate interests to long-term interests, and subordinate the interests of individuals to the interests of the state and the collectives. We should also advocate socialist ethics, the principle of collectivism, and the spirit of self-sacrifice and bring into play the role of advanced ideology and ethics in the course of reform. Economic structural reform is a great undertaking concerning the future of our country and the future of our nation. Therefore, economic structural reform is a long-term, complicated, and arduous undertaking as well. In carrying out such a great undertaking, it is unrealistic to assume that people will be able to gain interests and happiness without making even temporary, partial, and local sacrifices. Only by deepening economic structural reform will we be able to solve problems that emerge in the process economic structural reform. Therefore, to fully understand this actual situation is also a type of ideological preparation we must make in order to further carry out economic structural reform.

Specifically speaking, as leaders, we should not make unrealistic promises to the masses. What we should do is seek more actual interests for the masses according to the actual conditions. And as individuals, we should not cherish unrealistic hopes on the increase of interests of the individuals. We should understand that only through hard work and by making more contributions to society will we be able to gradually raise our living standard. At present, the psychology of "doing less work and spending more money" exists among some members of our society. This psychology of encouraging people to vie with one another in spending more money is detrimental to the smooth development of economic structural reform. So, we must gradually solve this problem by carrying out ideological education among the people. We should carry out the ideological and ethical education according to the needs of economic structural reform to strengthen people's capacity of facing the challenges of economic structural reform. We believe that so long as we carry out the ideological and ethical education according to the needs of economic structural reform, our ideological and ethical education will certainly be capable of helping to promote the development of economic structural reform.

**Minister Predicts 'Golden Age' for Oil**  
HK210258 Beijing CHINA DAILY in English  
21 Aug 87 p 1

[by staff reporter Xu Yuanchao]

[Text] China's oil industry is developing fast and will enter its "golden age" in the next few decades, oil minister Wang Tao said yesterday.

Wang said new discoveries of oil and gas reserves have been reported in East China, which already pumps out 90 percent of the country's total output.

Chinese companies have found new oil deposits in South China, which is always short of energy supplies. In the Northwest, China's strategic region for future development, oil exploration is being accelerated in an effort to discover large oilfields.

Wang's prediction is backed up by Zhong Yiming, president of the China National Offshore Oil Corporation. He said offshore oil exploration has made a breakthrough in Liaodong Bay and the Beibu Gulf areas of the South China Sea and in the Pearl River mouth.

He said at a press conference yesterday that China will earmark 300 million yuan to drill 10 to 15 wells each year in China's offshore areas.

In the first seven months of this year, the crude oil output increased by 3.7 percent over the same period of last year and the output of natural gas rose by 2.1 percent.

Wang told CHINA DAILY that 16 oil and natural gas production bases have been built. There are now 170 oil and gas fields operating and production in the major oilfields is increasing.

In Northwest China, new oil deposits have been found under the Karamay oilfield in the Xinjiang Uygur Autonomous Region, Wang said. In the eastern part of the Zungar Basin, a new oil deposit zone has also been found and the ministry plans to put it into operation in the next few years.

Chinese and foreign experts believe that large oilfields may be found in the Tarim Basin along the Tarim River.

In energy-starved South China, a test well drilled recently in the Baise Basin of the Guangxi Zhuang Autonomous Region has struck oil of industrial value. This is believed to be "a breakthrough" for the oil industry there, the minister said.

Since 1979, when China opened its continental shelf for international bids, considerable progress has been made in offshore oil exploration, said Zhong Yiming.

Zhong said at the press conference that by last June, foreign oil companies had drilled 162 offshore wells, of which 65 tested positive for oil and gas. The success rate of 29 percent is slightly higher than the world average. Of the 65 wells, he said, 13 struck oil of commercial value. The others are still under appraisal.

He said 35 of the 120 sites that Chinese and foreign companies have tested contain oil and natural gas. Oil deposits in two of the sites exceeded 100 million tons.

By June, foreign oil companies had spent \$4.1 billion on exploration and drilling operations in offshore areas while Chinese companies had spent 600 million yuan.

Zhong said: "The slump in oil prices on the world market has, of course, had some effect on Western oil companies. ELF of France and an American company have withdrawn from China with nothing found in their contract blocks (exploration areas)."

Western companies have cut their drilling operations in China, slowed their pace and appeared to be more prudent in signing a contract, Zhong said. (endall) 21 aug dyson/po 21/0315z aug

**Prospects for Technology Exports Viewed**  
*SK210935 Tianjin TIANJIN RIBAO in Chinese*  
7 Aug 87 p 1

[Excerpt] At the national technology export and management work conference, which opened in Tianjin on 5 August, specialists participating in the conference pointed out that China has great prospects for developing foreign trade since its foreign trade, with technology exports as its key component, is advancing toward three-dimensional development.

Zhang Haoruo, vice minister of foreign economic relations and trade, has stated that, at present, the world's technology trade is developing at a rate that doubles in value every 5 years, greatly surpassing the pace of development of commodity trade. International economic

cooperation often involves such things as technology transfer and technology investment. Our country's external economic cooperation will certainly be restricted if technology exports are ignored. Although China is a developing country, it has great prospects for developing technology exports. Our country has now established comparatively integrated industrial and agricultural production systems and has a large number of well-developed industrial technologies. All this is suited to the demands of the developing countries. Some of our country's advanced technologies have drawn the developed countries' attraction. Our service for helping other countries launch satellites indicates that China's high technology service has entered the international market. We may say that our country possesses the preliminary conditions and strength for technology exports. [passage omitted]

### East Region

**Shanghai's Rui Xingwen Visits Fair**  
OW191242 Shanghai City Service in Mandarin  
2200 GMT 18 Aug 87

[Text] Rui Xingwen, secretary of the municipal party committee, visited a knitwear fair on the evening of 18 August. He noted that prospects are bright for the knitwear business, a new trade in the textile industry. After inquiring about the quantity, quality, and design of knitwear products, as well as their proportion in Shanghai's textile industry as a whole and their export, he was very pleased to find out that knitwear exports this year will increase by at least 14 percent over last year and reach a total value of 580 million yuan. He added that to further promote knitwear products, it is necessary to keep abreast of market information and use more variety in design.

Among those who visited the fair on 18 August were Li Zongtang, vice minister in charge of the State Economic Commission, and Hu Lijiao, chairman of the municipal People's Congress Standing Committee.

### Central-South Region

**Hubei's Guan Guangfu on Plan Completion**  
HK210829 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1423 GMT 17 Aug 87

[Text] Wuhan, 17 Aug (ZHONGGUO XINWEN SHE) — The meeting on strategic research into Hubei's economic development, which was held here today, proposed three major plans: The first is to carry out large-scale technological transformation of the Wuhan Iron and Steel Company, aiming at an annual output of 7 million tons of both iron and steel; second is to expand the production capacity of the No.2 Motor Vehicle Plant to 300,000 cars a year; and third is to build the Geheyan Hydropower Station on the Qing Jiang, a tributary of the Chang Jiang, with an installed capacity of 1.2 million kilowatts (half the installed capacity of the Gezhou Dam Hydropower Station).

The three plans will have great impact on the economic development of Hubei, and even of central China. Guan Guangfu, secretary of the Hubei Provincial CPC Committee, said that the three strategic plans will be initially completed during the Seventh 5-Year Plan.

At present governments at different levels in Hubei Province are busy with the plans. It has been learned that the Geheyan Hydropower Station has broken ground and started building, and the other two projects are also in preparation.

Head of the Hubei provincial strategic research group Chen Ming pointed out that the most vexing problem in realizing the three plans is the source of funds. Apart from collecting funds from the province, the Hubei provincial government is hoping to absorb large amounts of foreign investment funds. Foreign investment in the three projects will be treated on liberal terms.

### North Region

**Beijing District, County Elections End**  
SK210631 Beijing BEIJING RIBAO in Chinese  
7 Aug 87 p 1

[Text] The end-of-term election work of the municipality's 18 district and county level people's congresses, governments, and the CPPCC committees was completed recently.

The quality of the newly elected leading bodies and their structures have improved remarkably. The leading bodies of 18 district and county governments have a total of 105 members and their average age is 46.9, a decline of 2.1 years from the original average. Among them, persons between the ages of 36 and 45 account for 40 percent; 46 and 55, 56.2 percent; and persons 56 years old or above, 3.8 percent, thus forming a comparatively rational echelon structure. Among them, 67.6 percent have a college education or above, an increase of 8.3 percent over the past figure. To meet the needs of developing township enterprises and rural cultural education, all remote suburban districts and counties have universally installed cadres with industrial, economic, and cultural education or other fields of expertise in their government leading bodies.

Cadres who are 50 years old or so have become the mainstay of the new district and county leading bodies. The average age of the 18 district and county heads is 47.3. Most of the cadres who are 50 years old or so of the former district and county government leading bodies have been reelected and reappointed consecutively. Five cadres who are 50 years old or so have been elected and promoted from their posts as deputies of the district or county governments to district and county heads. Twenty-one middle-level leading cadres who are 50 years old or so, with good ideology and work style, good achievements in their official career and rich work experience, have been elected as new members of the district and county government leading bodies. Eleven persons of the district and county governments have been exchanged between districts and counties; between the district, county organs, and the functional departments of the municipal party committee and government; and between the district, county organs and enterprises, establishments and units. Some outstanding and comparatively young middle-level cadres have been elected to assume principal leading posts in districts and counties in an effort to strengthen the vitality of leading bodies.

Veteran cadres who have retreated from the leading bodies have been properly arranged. Twenty-six cadres of the former district and county leading bodies who are near the age of retirement and cannot complete their term of office have not been nominated as candidates. So far, they are serving as investigators and researchers of the district and county party committees and governments and have participated in investigating and studying their own district and county party affairs and economic work.

During this end-of-term election work, the municipal party committee and the various district and county party committees have strengthened leadership, and given full play to democracy. The namelists of candidates, the adoption and the whole election process were strictly proposed and implemented in line with the Constitution and the relevant law stipulations.

### Northwest Region

**Gansu, Qinghai Secretaries at Ceremony**  
*HK210823 Lanzhou Gansu Provincial Service in  
Mandarin 2200 GMT 20 Aug 87*

[Excerpts] Linxia Hui Autonomous Prefecture [in Gansu] and Haidong Prefecture in Qinghai Province have formally set up an economic development and cooperation zone. A signing ceremony to this effect was held on the afternoon of 19 August. (La Mile), governor of Linxia Hui Autonomous Prefecture, and (Xu Chunren), deputy commissioner of Haidong Prefecture signed their names to an agreement on setting up the zone. [passage omitted]

Following the signing ceremony, the coordination group for the Linxia-Haidong Economic Development and Cooperation Zone appointed noted social scientist Fei Xiaotong to be the zone's honorary adviser. [passage omitted]

Addressing the signing ceremony were Zhao Yannian, vice minister of the State Nationalities Affairs Commission, Yin Kesheng, secretary of the Qinghai provincial party committee, as well as Jia Zhijie, governor of the Gansu Provincial Government;

Also attending the signing ceremony were Song Rui-xiang, governor of the Qinghai Provincial Government; Lu Shengdao, deputy secretary of the Qinghai Provincial CPC Committee; Wang Fuxiang, vice chairman of the Qinghai Provincial CPPCC Committee; as well as Wang Bingxiang, chairman of the Gansu Provincial CPPCC Committee. [passage omitted]



**PRC Radio Views Taiwan Situation**

*OW200045 Beijing in Mandarin to Taiwan 0205 GMT  
19 Aug 87*

[By Lin Liang and Jun Lihong, from "Rambling Talks on State Affairs" program]

[Excerpts] [Lin Liang] Dear listeners, Lin Liang greets you from Beijing. Welcome to my program. Recently, people who are concerned about Taiwan's future have paid close attention to the advocacy of self-determination by Taiwan residents. [passage omitted] Today, my colleague Jun Lihong and I are going to have a small discussion with you on the air. [passage omitted]

[Jun Lihong] Everyone knows that Taiwan is part of China. It is just as indisputable as the fact that the Great Wall is in China. Therefore, such questions as sovereignty and ownership of Taiwan do not exist at all. Some friends hold that no government has the right to determine political jurisdiction over Taiwan; they even suggest that the Taiwan issue is not China's internal affair. I think this kind of view is essentially a dichotomous tendency.

[Lin Liang] I believe that dichotomous tendency of advocating Taiwan residents' self-determination is contrary to reason, to law, and to the people's wish. Our listeners must still remember that many voters were greatly interested in such topics as improvement of living standards and control of pollution during the 1986 year-end election in Taiwan, whereas speeches on residents' self-determination attracted only mediocre attention. This fact is self-explanatory enough. Should anyone attempt to separate Taiwan's sovereignty from that of the motherland, it would cause very serious consequences!

[Jun Lihong] Precisely, Lin Liang. I think many people would rally together to attack such advocacy. First, the mainland compatriots would never approve of Taiwan's independence. The majority of the people in Taiwan would not assent to the situation of independence. Out of their common choice for one China, the authorities on both sides of the Taiwan Strait would not remain indifferent. The international community, of course, would not rashly support the separation of Taiwan from China in accordance with the norm of the international law. Therefore, dear listeners, I believe the advocacy of Taiwan residents' self-determination — its cause, consequences, connotation, and development — deserves our careful consideration.

[passage omitted] [Jun Lihong] In my opinion, the cause leading to the rise of the advocacy is comparatively complicated. As a matter of fact, the United States had advocated this idea back in the 1950's.

[Lin Liang] Right, it was Dulles who did it then. After the Korean war broke out, Dulles made a statement that the status of Taiwan could not be determined until a peace treaty with Japan was signed. After that, as every listener knows, the United States sent its 7th Fleet to seal off the Taiwan Strait, thereby separating Taiwan from the mainland.

[Jun Lihong] The foreign minister then was Mr Zhou Enlai. He made a statement strongly condemning this view. At the fourth session of the first NPC in 1954, Mr

Zhou pointed out: We must firmly oppose Taiwan's becoming a trust territory of the United Nations, its self-determination, or its independence. So, it may well be said that, this kind of talk by the United States had come to naught at that time.

[Lin Liang] Then why has this trend staged a comeback after 30 years? I think our friends must bear in mind that, incited by the U.S. "one China, one Taiwan" policy, a handful of influential people in the United States has proceeded to sow dissension. Let us consider this carefully: On the one hand, the U.S. "One China, One Taiwan" policy aims to prevent the reunification of Taiwan with China and thus maintain the U.S. political and economic interests in Taiwan. On the other hand, this policy cannot afford to let Taiwan declare independence publicly because such a situation would harm the Sino-U.S. relationship and disrupt the United States global strategy.

[Jun Lihong] Consequently, under the circumstances, a more moderate transitional means is chosen.

[Lin Liang] Right, that is to carry out self-determination.

[Jun Lihong] Actually, its final purpose is hoping that Taiwan can be separated from China and become independent.

[Lin Liang] Dear listeners, China has an old saying: Only family members will gather under one same roof. Family affairs should be discussed and decided by members only. Why should they listen to outsiders' opinions? What do you say?

[passage omitted] [Lin Liang] The second cause, I believe, stems from Taiwan's unique historical condition, namely, its longtime separation from the motherland. Let's see: Fifty years under Japanese occupation plus 30 years' rule by the Kuomintang have come to a total of more than 80 years.

[Passage omitted] [Jun Lihong] These 80-plus years have created a sense of alienation among the Taiwan compatriots as a matter of course.

[Lin Liang] Moreover, the Kuomintang's anticommunist propaganda over a long time has presented the Communist Party as horrible in the eyes of many friends. Accordingly, a sense of horror is added. I think it is understandable for the Taiwan compatriots under this pressure to propose to determine their own future and destiny.

[Jun Lihong] One more cause, and that is the third cause, the military government system implemented by the Kuomintang over the past decades, particularly the "28 February" incident and other incidents, has inflicted harm on the lives and property of the people of Taiwan, making many of our friends feel repressed for a long time and unable to rid themselves of the shame of being second-class citizens. Consequently, they strongly demand to be the master of their own affairs and struggle for democratic rights. [passage omitted]

**Premier Yu Interviewed on Reform Pace**  
*OW201047 Taipei CNA in English 0953 GMT*  
20 Aug 87

[Text] Taipei, Aug. 20 (CNA) — Premier Yu Kuo-hwa has said that the ROC [Republic of China] Government's resolution to implement reform is firm, and it is putting its fullest effort into working toward greater democracy and more openness despite a military threat from communist China.

Premier Yu made the remarks in an interview by Carl Goldstein, a reporter of Hong Kong-based FAR EASTERN ECONOMIC REVIEW, on Aug. 15. The text of the interview is published in the current issue of the weekly. In the interview, Goldstein asked: In the political sphere, what further concrete steps will be implemented following the lifting of chieh-yen (emergency) decree? Is there a timetable for the introduction of further reforms?

In response, Yu said: "The implementation of constitutional democracy is the set objective of the Republic of China. Although at present our country faces a military threat from communist China, the ROC Government is putting its fullest efforts into working toward greater democracy and more openness. Since the lifting of the Emergency Decree, the Executive Yuan has begun its work on the drafting of a 'Law on the Organization of Civic Groups' and 'Law on Assembly and Parades.' When the final draft is ready, it will be sent to the Legislative Yuan for deliberation and completion of the legislative process. This new legislation will provide legal guidelines for the establishment of new political parties and for public assembly and marches. At the same time, the ROC Government is going to allow the registration of new newspapers and other related measures, in hopes that it will help raise the ROC news media to a new level of development."

"The reform measures currently being undertaken by the government are not only political in nature, they extend to other domains; for example, the abolishment of the farmland tax will soon take effect. Our program for the future will be determined by the conditions and needs of the time. In a word, the government's resolution to implement reform is firm, and we maintain a positive attitude."

**Editorial Rejects 'Unification' Plan**  
*OW191332 Taipei CHINA POST in English*  
15 Aug 87 p 4

[Editorial: "Chinese Communist Diatribe Over 'Taiwan Issue'"]

[Text] Chinese Communist Han Hsu's remarks before the American Bar Association Aug. 12 represented a distortion of the truth and typical diatribe of the worst kind.

Han told his audience about Peking's plan to absorb Taiwan and permit the island to continue to conduct economic and political affairs independently.

Han's peaceful unification proposal is nothing new and it has been resolutely rejected by the government and people of the Republic of China. He tried to apply the Hong Kong model to Taiwan, which is ridiculous.

Han should realize that he represents, if any, an illegitimate and usurper regime disavowed by the majority of the Chinese people. The Republic of China is the legitimate ruler of the Chinese mainland and is supported by all Chinese people everywhere. His diatribe cannot fool the American people, as they are quite clear-minded as to who are the legitimate representatives of the Chinese people, certainly not the Peking regime.

### Hong Kong

**PRC Vice Mayor Says Boat Broke Law**  
*HK210349 Hong Kong SOUTH CHINA MORNING  
POST in English 21 Aug 87 p 1*

[By Lulu Yu]

[Text] A Chinese gunboat found harassing fishermen should not have been there, a senior China official said last night.

The SOUTH CHINA MORNING POST yesterday published pictures of patrol boat 150 intercepting a Guangdong junk off Ninepin Island in the harbour. The incident was witnessed by crewmen and reporters on board Royal Navy patrol boat HMS Swift.

Mr Zhou Erkang, vice mayor of Shenzhen, said he was not aware of the incident but confirmed that while properly licensed fishing boats from the mainland can operate in Hong Kong, no vessel belonging to the Chinese Government should enter the territory without prior approval.

Chinese patrol vessels were not allowed to stray into Hong Kong waters even if they were in pursuit of suspected smugglers and illegal immigrants, he said.

"If that Chinese vessel was a bona fide border patrol boat. Then it had indeed breached the law by straying into Hong Kong waters for whatever purpose. I don't think special permission had been given to any police or navy vessels to go beyond international boundaries".

"I would expect the Chinese Government to investigate the matter fully if the Hong Kong Government raised the issue through border liaison channels," said the vice mayor.

A Secretariat spokesman said the government was studying reports of the alleged incident submitted by police and the British forces and would decide later "whether the case merited being raised with the Chinese authorities".

An official statement issued earlier said Chinese patrol vessels had been found straying into Hong Kong waters in pursuit of suspected illegals on a number of occasions, and that the government had periodically asked China to confine operations to its own territory.



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